VANCOUVER CONVENTION CENTRE EXPANSION PROJECT LTD.

SERVICE PLAN 2003/04 – 2005/06

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Message from the Chair

As Chair and Interim President of Vancouver Convention Centre Expansion Project Ltd. (VCCEP), it is my privilege to present the Company's first Service Plan encompassing fiscal years 2003/04 through 2005/06.

VCCEP was formed on February 13, 2003 under the *BC Company Act* to design and construct a new convention facility adjacent to Canada Place, renovate facilities within Canada Place, and construct a pedestrian linkage between the two facilities by 2008 within a total capital budget of $550 million.

As of March 31, 2003, VCCEP had put in place its initial governing Board of Directors, retained the Auditor General of BC to provide external financial audits, established a commercial bank account, concluded a multi-year contribution agreement with the Ministry of Competition Science and Enterprise for the Province's $230 million share of the planned capital budget, entered into contracts for architectural and project management services, and was concluding several additional contracts for the retention of professional design services.

The Board of Directors and Project Team share my enthusiasm in accepting the challenge of successfully completing a state-of-the-art expansion of Canada Place on time and on budget that will augment Vancouver's signature harbour shoreline and result in a legacy of expanded convention and tourism-related activity that will be a positive contributor to British Columbia's economy.

Ken Dobell, Chair
VCCEP Board of Directors

Table of Contents

Overview

Strategic Context

Planning Context

Goals, Core Business Objectives, and Strategies

Linkages to Government Strategic Priorities

Summary Financial Outlook

Overview

The Vancouver Convention Centre Expansion Project Ltd. (VCCEP) is a provincially held limited company incorporated under the *BC Company Act.* VCCEP was established to build the Vancouver Convention and Exhibition Centre expansion project and, as such, acts as an agent of the Province of British Columbia.

The company's core business is to:

- Design and construct an expansion to the existing Vancouver Convention and Exhibition Centre, renovation to facilities within Canada Place, and a pedestrian linkage between the new and existing facilities.

- Effectively manage the Project budget, schedule, and related activities to ensure timely delivery of the project within its established budget.

The governments of Canada and British Columbia approved their respective shares of the capital funding and jointly announced by the Prime Minister, Premier, and Mayor of Vancouver in December 2002.. Some preliminary work has been performed including program review, concept design and related studies, discussions with governing bodies, and preliminary cost estimates.

VCCEP has acquired the land required and has appointed a Project Director with overall responsibility for the project.

A work plan has been established and significant activities will be completed during 2003. These activities include:

- Obtaining Treasury Board approvals of:
  - Federal Funding Agreement
  - Tourism Vancouver Funding Agreement
  - Project Implementation Plan that will incorporate:
    - Assembling and staffing the project team;
    - Developing all project controls and reporting systems;
    - Developing finance and cost control systems;
    - Defining project scope;
    - Developing overall project schedule and budget;
    - Developing Design Management Plan;
    - Developing Environmental Plan; and
    - Developing Construction Procurement Plan

In fiscal years 2004/05, the Company's role will transition to design development, planning, construction, and project delivery as current year activities identified in the work plan are completed.

Strategic Context

One of the goals for VCCEPs' Board of Directors is to develop statements of vision, mission, and values as the Company progresses into its first full year of existence.

Planning Context

VCCEP is a new organization incorporated for the sole purpose of designing and building the conference and exhibition centre expansion project. As such, a number of factors may influence the company, presenting challenges, opportunities, and risks.

Specific performance requirements have been created based on business expectations for the integrated facility. Among these are:

- The need to efficiently accommodate both single large events that could potentially occupy the majority of the facility as well as simultaneous, multiple events that would use separate portions of the facility;
- The need to be able to offer appropriate combinations of function space in each of the sections of the facility that could be used for smaller events;
- The need to deliver the wide variety of space requirements inherent in diverse markets (i.e. US and Canadian Association, International Congress, Corporate and Trade Show events, etc.) each of which have specific demands which must be met in order to capture their business; and
- The need and opportunity to correct operating and marketability issues which were inherent in the original design or which have subsequently arisen as a result of market and/or technology changes.

Goals , Core Business, Objectives and Strategies:

The Vancouver Convention Centre Project objectives include:

- Creating an exciting, commercially successful convention centre;
- Building a signature feature on the Vancouver waterfront;
- Complimenting and enhancing the existing convention facilities;
- Operating an integrated convention facility; and
- Creating an attractive link between the business community and the waterfront.

Vancouver Convention Centre Expansion Project Ltd. is developing a Project Implementation Plan to:

- Identify Project Status and key issues;
- Define the Project – Scope, Budget and Schedule;
- Provide detailed implementation strategies; and
- Provide detail of processes and procedures to be adopted.

The Project Implementation Plan will be brought to Treasury Board for approval in November 2003.

Strategic Plan goals and objectives will be developed within the Project Implementation Plan and reported in the Strategic Plan for 2004/05 to 2006/07.

Linkages to Government Strategic Priorities

VCCEP's service plan strategies are consistent with and support the government's strategic priorities. VCCEP is an integral part of the government's plan to promote economic growth and revitalize the British Columbia economy.

Summary Financial Outlook

The construction of the new facilities is targeted at $495 million. The tourism sector will contribute $90 million. The federal and provincial governments will contribute the remainder, on a matching, cost-shared basis. The federal contribution will be made through the Canada Strategic Infrastructure Fund.

In addition, another $55 million has been targeted to complete the renovations and linking phases of the project. The federal and provincial governments will share the costs.

Recently, the Province concluded the purchase of the property from Marathon Developments Inc. for $27.5 million.

An expenditure plan for 2003/04 of $67 million is in place. A detailed Project Budget will be determined within the Project Implementation Plan that is to be approved by Treasury Board in November 2003.